

Message Text

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UNCLAS SECTION 1 OF 2 STOCKHOLM 2400

E.O. 11652: N/A
TAGS: BEXP, SW
SUBJ: MARKET RESEARCH UPDATE: PULP AND PAPER EQUIPMENT - SWEDEN

1. THE US DEPARTMENT OF COMMERCE AND THE US TRADE CENTER FOR SCANDINAVIA ARE ORGANIZING AN EXHIBITION OF AMERICAN PULP AND PAPERMAKING EQUIPMENT AND RELATED SYSTEMS. THIS EXHIBITION WILL BE PART OF THE SPCI-78 TO BE HELD IN THE STOCKHOLM INTERNATIONAL FAIR AND CONGRESS CENTER, APRIL 4-7. THE SPCI EXHIBITION AND CONGRESS IS ONE OF THE MOST SIGNIFICANT INTERNATIONAL PULP AND PAPER EVENTS AND IS SPONSORED BY THE SWEDISH ASSOCIATION OF PULP AND PAPER ENGINEERS. FOR THE FIRST TIME, THIS TRIENNIAL EVENT WILL COINCIDE WITH THE QUADRENNIAL JOINT MEETING OF THE RELATED ASSOCIATIONS OF ALL FOUR NORDIC COUNTRIES. CO-SPONSORING SPCI-78 ARE THE FINNISH PAPER ENGINEERS' ASSOCIATION, THE TECHNICAL ASSOCIATION OF THE NORWEGIAN PULP AND PAPER INDUSTRY, THE DANISH ASSOCIATION OF PAPER ENGINEERS AND THE ASSOCIATION OF SWEDISH SAWMILLMEN.

2. THE SCOPE OF THE EXHIBITION IS COMPREHENSIVE, INCLUDING: TRANSPORT AND MATERIALS HANDLING, TREATMENT OF PROCESS WATER, STEAM/HEATING/POWER ENGINEERING, MEASURING/REGULATING/CONTROL TECHNIQUES, PUMPS/PIPEWORK/FITTINGS, WOOD AND CHIP HANDLING, PULP PRODUCTION, PAPER AND BOARD PRODUCTION, PARTICLE BOARD AND FIBERBOARD PRODUCTION, NON-WOVEN PRODUCTION, CONVERSION, RECOVERY, AIR/WATER/NOISE ENVIRONMENT PROTECTION, LABORATORY
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EQUIPMENT, TRAINING EQUIPMENT AND MATERIALS, INDUSTRIAL SAFETY EQUIPMENT AND WORK ENVIRONMENT PROTECTION.

3. SWEDEN'S PULP AND PAPER INDUSTRY.

A. PARAS 1 AND 2: SEE PAGE 8 OF STOCKHOLM 1976 A-29
B. PAGE 3, PARA 1: SEE PAGE 9 OF A-29

C. THE INDUSTRY CONTINUES TO MODERNIZE PLANTS, REPLACE OBSOLETE MILLS WITH NEW ONES, AND MODERATELY EXPAND CAPACITY. SINCE SWEDISH FOREST RESERVES ARE NOW BEING FULLY UTILIZED (ANNUAL FALLING EQUALS CURRENT ANNUAL FOREST GROWTH), THE INCREASES IN CAPACITY ARE NOW BEING REALIZED WITH INCREASED USE OF REJECT OF WASTE MATERIAL, BY RAW MATERIAL IMPORTS, INCREASED RECYCLING OF WASTE PAPER AND MORE EFFICIENT PRODUCTION TECHNOLOGY.

(1) PRELIMINARY CONCLUSIONS OF ONGOING PILOT PROJECTS IN "WHOLE TREE" UTILIZATION HAVE INDICATED POSITIVE RESULTS IN USING NEEDLES, SAWDUST AND STUMPS, AND MIXED RESULTS FOR USAGE OF BARK, BRANCHES AND SMALL TREES. PRODUCTION OF CHIPS FROM THE LATTER GROUP HAS NOT YET PROVED TO BE ECONOMICAL, BUT POTENTIAL FOR CONSIDERABLE FUEL SUBSTITUTION HAS BEEN SHOWN.

(2) RAW MATERIAL IMPORTS HAVE BEEN STEPPED UP SINCE GOVERNMENT LIMITS ON SWEDISH FOREST HARVESTING NOW APPEAR TO BE PERMENENT. ONE OF THE LARGEST COMPANIES, MODO, CONTINUES TO IMPORT SOFT-WOOD LOGS FROM EASTERN EUROPE. SEVERAL COMPANIES IN 1976 FORMED A JOINT IMPORTING COMPANY, MASSAINDUSTRINS VIRKESIMPORT AB (MVA), WHICH SOON THEREAFTER CONCLUDED A FIVE YEAR, 700,000 CUBIC METER ANNUAL IMPORT AGREEMENT FOR SOUTHERN PINE CHIPS. THESE ARE BEING SHIPPED BEGINNING IN 1977 FROM SAVANNAH TO GOTHENBURG, PITEA, AND PRRSKAR/SODERHAMN. INDIVIDUAL FIRMS HAVE ALSO LOOKED INTO LONG TERM AGREEMENTS FROM IMPORTS OR LEASE/PURCHASE OF FORESTS.

(3) CONSUMPTION OF WASTE PAPER AS RAW MATERIAL IN THE PAPER INDUSTRY INCREASED BY 36 PERCENT IN 1976 WITH THREE ADDITIONAL MILLS BEGINNING TO USE IT.

(4) ATTEMPTS WILL BE MADE TO INCREASE PRODUCTION CAPACITY WITHOUT INCREASING RAW MATERIAL DEMANDS. FOR EXAMPLE, THE UNCLASSIFIED

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LARGEST COMPANY -SCA - HAS APPLIED FOR A CONCESSION TO INSTALL A NEW PULP LINE AT ONE OF ITS MILLS; THIS IS TO INCREASE TOTAL YIELD OF THE PLANT FROM 275,000 TO 325,000 TONS FROM THE SAME QUANTITY OF RAW MATERIAL. MARE HARDWOOD, OF WHICH THERE IS NO SHORTAGE, WILL ALSO BE USED IN THE INPUT MIXTURE.

(5) CURRENT INDUSTRY PROJECTIONS SHOW AN AVERAGE ANNUAL TWO PERCENT INCREASE IN PULP CAPACITY FROM 11.4 MILLION TONS IN 1977 TO 12.6 MILLION TONS IN 1982. THE TREND TOWARDS MORE INTEGRATION AND CONVERTING WILL MEAN A FASTER GROWTH IN PAPER AND BOARD. THE 1977 CAPACITY OF 6.9 MILLION TONS WILL INCREASE TO 8.5 MILLION IN 1982 FOR AN AVERAGE ANNUAL GROWTH OF 4.2 PERCENT. INCREASES IN CAPACITY WILL BE MAINLY IN SULPHATE PULP, THERMO-MECHANICAL PULP, FOLDING BOXBOARD, KRAFT LINER AND PRINTING PAPER. NEWSPRINT CAPACITY WILL INCREASE ABOUT HALF A MILLION TONS MAKING GROWING USE OF WASTE PAPER.

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(6) ON THE MARKET SIDE, 1975 AND 76 WERE RATHER DIFFICULT YEARS. ONLY 80 PERCENT OF CAPACITY WAS USED IN 1976 AS COMPANIES DID NOT BUILD UP AS MUCH INVENTORY AS IN THE PREVIOUS YEAR. ONE PARTICULARLY DISCOURAGING EVENT FOR THE SWEDISH PULP AND PAPER INDUSTRY IN 1976 WAS THE LOSS OF MARKET SHARE IN EUROPE TO CHEAPER US AND CANADIAN COMPETITORS. SWEDISH INDUSTRY HOPES THIS LOSS IS ONLY TEMPORARY, HOWEVER, SINCE SWEDISH MILLS HAVE ALREADY MADE SUBSTANTIAL MODERNIZATION AND POLLUTION CONTROL INVESTMENTS AND IT IS ASSUMED THE NORTH AMERICAN COST ADVANTAGES WILL DECREASE WHEN SIMILAR INVESTMENTS MUST BE MADE.

(7) THE MARKET OUTLOOK BEGAN IMPROVING IN 1977. IN THE FIRST QUARTER DELIVERIES OF PULP WERE 5.1 PERCENT OVER 1976, AND EXPORTS OF PAPER AND BOARD WERE UP 12.2 PERCENT. THE INCREASE WAS NOT EXCEPTIONAL, BUT THE TREND WAS ENCOURAGING.

D. PAGE 3, PARA 4: SEE PAGE 9 OF A-29

E. PARA 6: MORE CONVERSION INTO FINISHED PRODUCTS IS CLEARLY THE LONG TERM TREND IN SWEDEN, THROUGH CAUTIOUS EXPANSION IS BEING ADVOCATED WITHIN THE INDUSTRY TO AVERT THOUGHTS OF RETALIATION BY THE EUROPEAN MARKETS. (FOR EXAMPLE, IT IS FEARED THAT SWEDISH PULP COULD BE BOYCOTTED IF FINISHED PRODUCTS BEGAN COMPETING TOO STRONGLY IN A MARKET.)

4. MORE INFORMATION FOLLOWS BY SEPTTEL.

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